THE ALABAMA PREPAID AFFORDABLE COLLEGE TUITION PROGRAM
MEETING OF THE BOARD OF DIRECTORS
MINUTES
August 8, 2018

Present:
Treasurer Young Boozer, Chair
Mr. Lance Lashley for Dr. David Bronner
Mr. Robert Bradley
Ms. Maria Campbell
Ms. Sara Calhoun for Mr. Jimmy Baker
Dr. James Purcell
Ms. Michelle Granberry
Mr. Tommy Dismukes

Absent:
Rep. Bill Poole
Sen. Trip Pittman
Dr. Ken Tucker
Mr. Clinton Carter
Mr. Sandy Hammer
Gen. Paul Hankins
Ms. Patti Lambert

Others present include:
Ms. Daria Story, Assistant Treasurer
Ms. Anita Kelley, Program Director
Mr. Dan Sherman, Sherman Actuarial Services (by phone)
Ms. LeeAnn Herron, Regions
Mr. Larry Ransburgh, Regions
Ms. Adrian Hughes, Regions
Ms. Amanda Bonne', Regions

Pursuant to written and public notice, the quarterly meeting of the Board of Directors of the PACT Program was held in the Board Room of the RSA Headquarters on August 8, 2018. The meeting was called to order by Chair Young Boozer at 1:00 p.m.

Chair Boozer introduced new Board member Tommy Dismukes and Michelle Granberry.

Roll was taken with a quorum present.

Chair Boozer presented the minutes of the May 9, 2018 board meeting. A motion for approval of the minutes as presented was made by Ms. Campbell, seconded by Mr. Bradley, with unanimous approval.

Chair Boozer asked Anita Kelley for a program report. Ms. Kelley provided information on program activities, cancellations and plan assets, and the budget for fiscal year 2018. She discussed tuition payments and stated the program paid out benefits in the

amount of $4.4 million to 1,661 students from May 1 through June 30. Ms. Kelley said during the past quarter Usage Statements were mailed. She also stated the program administration conversion from HDI to Libera was completed as of 8/1. A transfer from the Education Trust Fund in the amount of $15 million was received on 1/16/18 and the payment schedule for fy19 was established. The report was received as informational.

Ms. Hughes with Regions presented the quarterly investment report. She presented an overview and outlook of the economy. She discussed the performance of the portfolio versus the benchmark and said the portfolio earned .32% for the quarter and .51% for the year. Ms. Hughes also discussed the portfolio characteristics versus the index. The report was received as informational.

Chair Boozer called on Dan Sherman with Sherman Actuarial Services to present the quarterly actuarial report. He stated the asset value as of 6/30/18 was $89,744,591. Mr. Sherman provided a summary of funding and compared the 9/30/17 assets and liabilities to the 6/30/18 numbers and noted the funded ratio was 114.2% compared to the 9/30/2017 of 115.5%. He also reviewed a spreadsheet of the projected cash flows, assets and liabilities through year 2032 highlighting the EOY assets for the year 2023 had increased to $1.6 million since the last board meeting. Mr. Sherman presented a Usage and Cancellation Study that examined the actual usage of tuition benefits versus the assumptions. The report was received as informational.

Mr. Sherman presented the proposed actuarial assumptions for FY19. He stated that no changes to the assumptions are being recommended for the upcoming year. A motion to approve the recommendation was made by Mr. Bradley, seconded by Ms. Granberry with unanimous approval.

Chair Boozer presented two spreadsheets that detailed the dollar amount of PACT payments since 2010 compared to the actual tuition costs at a certain university to show the discount and contract rate of return. One spreadsheet included the increases in benefits the Board has approved each year since 2015 and the other showed the same numbers with no increases in benefits. It was noted that the settlement has provided good value for the PACT members. The report was received as informational.

There being no further business to be discussed, a motion to adjourn was made by Mr. Bradley, seconded by Ms. Granberry, with unanimous approval. The meeting adjourned at 1:32 p.m.

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Anita Kelley, Director

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Young Boozer, Chair